GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:4823
ANSWERED ON:19.04.2001
REVISION OF ROYALTY RATE ON OIL AND NATURAL GAS
TRILOCHAN KANUNGO

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether off shore production of oil or gas has been subject to State royalty;

(b) if not, the reasons therefor;

(c) whether royalty has been fixed on flat rate or on ad valorem basis; and

(d) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI SANTOSH KUMAR GANGWAR)

(a) to (d) : Royalty on crude oil and natural gas is payable at the rates fixed by the Central Government from time to time pursuant to the provisions of Oil Fields (Regulation and Development) Act 1948 and the Petroleum and Natural Gas Rules, 1959 framed thereunder, as amended from time to time. Under provisions of the above said Rules, royalty on the crude oil and natural gas produced from offshore is payable to Central Government and that from onshore areas to the State Government The Rules also provide that the Royalty on crude oil and natural gas cannot exceed 20% of the selling price at well-head. Royalty on crude oil is payable on flat rate basis and on ad- valorem basis for natural gas for the cases where Petroleum Exploration Licences (PELs) and Petroleum Mining Leases (PMLs), other than the PELs/ PMLs under the New Exploration Licensing Policy(NELP) or on NELP terms, had been granted to Oil India Ltd. and Natural Gas Corporation Ltd. (ONGC) and Oil India Limited(OIL). Royalty on crude oil is payable on flat rate basis and on ad-valorem basis for natural gas for the cases, where PELs and PMLs, other than the PELs/PMLs under NELP, are held by Private Companies pursuant to the Production Sharing Contracts signed by Government of India. Royalty on both crude oil and natural gas is payable on ad-valorem basis for the cases, where PELs have been granted under NELP or NELP terms. A Committee to evolve a new scheme of royalty on crude oil applicable w.e.f. 1.4.1998 has been constituted by the Government.